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NOBLE ENGINEERING GROUP HOLDINGS LIMITED

怡康泰工程集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8445)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of Noble Engineering Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

For the three months and six months ended 30 September 2020

Unaudited Interim Results

The board of Directors (the “**Board**”) of the Company presents the unaudited consolidated interim results of the Group for the three months and six months ended 30 September 2020, together with the unaudited comparative figures for the corresponding periods in 2019, are as follows:

| | | Three months ended 30 September | | Six months ended 30 September | |
|--|-------|------------------------------------|-----------------|----------------------------------|------------------|
| | | 2020 | 2019 | 2020 | 2019 |
| | Notes | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Revenue | 4 | 83,501 | 49,972 | 157,035 | 109,026 |
| Direct costs | | <u>(83,490)</u> | <u>(51,117)</u> | <u>(156,168)</u> | <u>(105,683)</u> |
| Gross profit (loss) | | 11 | (1,145) | 867 | 3,343 |
| Other (loss) gain, net | 4 | (302) | 93 | (242) | 165 |
| Administrative and other operating expenses | | (2,861) | (3,090) | (5,864) | (5,384) |
| Finance costs | 6(a) | <u>(8)</u> | <u>(4)</u> | <u>(18)</u> | <u>(4)</u> |
| Loss before income tax | 6 | (3,160) | (4,146) | (5,257) | (1,880) |
| Income tax credit | 7 | <u>459</u> | <u>530</u> | <u>803</u> | <u>353</u> |
| Loss and total comprehensive expense for the period attributable to owners of the Company | | <u>(2,701)</u> | <u>(3,616)</u> | <u>(4,454)</u> | <u>(1,527)</u> |
| Losses per share | | | | | |
| Basic and diluted | 8 | | | | |
| <i>(HK cents per share)</i> | | <u>(0.005)</u> | <u>(0.006)</u> | <u>(0.007)</u> | <u>(0.003)</u> |

Details of dividends of the Company are set out in note 9.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

| | | As at 30 September 2020 <i>HK\$'000</i> (Unaudited) | As at 31 March 2020 <i>HK\$'000</i> (Audited) |
|--|-----------|---|---|
| NON-CURRENT ASSETS | | | |
| Plant and equipment | <i>10</i> | 4,374 | 5,519 |
| Right-of-use assets | <i>10</i> | 65 | 130 |
| Unlisted equity investment | | 70 | – |
| Deferred tax assets | | 1,692 | 889 |
| | | 6,201 | 6,538 |
| CURRENT ASSETS | | | |
| Contract assets | | 97,696 | 77,612 |
| Trade and other receivables | <i>11</i> | 28,168 | 22,475 |
| Cash and bank balances | | 6,873 | 31,636 |
| Current income tax recoverable | | 2,677 | 2,095 |
| | | 135,414 | 133,818 |
| CURRENT LIABILITIES | | | |
| Bank overdrafts | | 5,444 | – |
| Trade and other payables | <i>12</i> | 21,497 | 21,528 |
| Amount due to an unlisted equity investment company | <i>13</i> | 365 | – |
| Lease liabilities | | 67 | 132 |
| | | 27,373 | 21,660 |
| NET CURRENT ASSETS | | 108,041 | 112,158 |
| NET ASSETS | | 114,242 | 118,696 |
| CAPITAL AND RESERVES | | | |
| Share capital | <i>14</i> | 6,000 | 6,000 |
| Reserves | <i>15</i> | 108,242 | 112,696 |
| TOTAL EQUITY | | 114,242 | 118,696 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

| | Attributable to equity shareholders of the Company | | | | |
|--|--|------------------|------------------|-----------------|----------------|
| | Share | Share | Other | Retained | Total |
| | capital | premium | reserve | earnings | |
| | <i>(Note 14)</i> | <i>(Note 15)</i> | <i>(Note 15)</i> | | |
| <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | |
| Balance at 1 April 2020 (Audited) | 6,000 | 53,987 | 10,000 | 48,709 | 118,696 |
| Loss and total comprehensive expense for the period | — | — | — | (4,454) | (4,454) |
| Balance at 30 September 2020 (Unaudited) | <u>6,000</u> | <u>53,987</u> | <u>10,000</u> | <u>44,255</u> | <u>114,242</u> |

For the six months ended 30 September 2019

| | Attributable to equity shareholders of the Company | | | | |
|--|--|------------------|------------------|-----------------|----------------|
| | Share | Share | Other | Retained | Total |
| | capital | premium | reserve | earnings | |
| | <i>(Note 14)</i> | <i>(Note 15)</i> | <i>(Note 15)</i> | | |
| <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | |
| Balance at 1 April 2019 (Audited) | 6,000 | 53,987 | 10,000 | 57,081 | 127,068 |
| Loss and total comprehensive expense for the period | — | — | — | (1,527) | (1,527) |
| Balance at 30 September 2019 (Unaudited) | <u>6,000</u> | <u>53,987</u> | <u>10,000</u> | <u>55,554</u> | <u>125,541</u> |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2020

| | Six months ended 30 September | |
|---|----------------------------------|-------------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Cash flows from operating activities | | |
| Cash used in operations | (29,629) | (8,797) |
| Tax paid | (582) | (1,188) |
| | <u> </u> | <u> </u> |
| Net cash used in operating activities | (30,211) | (9,985) |
| Cash flows from investing activities | | |
| Purchases of plant and equipment | (14) | (1,997) |
| Net cash outflow upon deemed disposal of a subsidiary | (19) | – |
| Others | 122 | 214 |
| | <u> </u> | <u> </u> |
| Net cash generated from (used in) investing activities | 89 | (1,783) |
| Cash flows from financing activities | | |
| Increase in pledged bank deposits | (26) | (40) |
| Others | (84) | (68) |
| | <u> </u> | <u> </u> |
| Net cash used in financing activities | (110) | (108) |
| Net decrease in cash and cash equivalents | (30,232) | (11,876) |
| Cash and cash equivalents at beginning of period | 26,467 | 48,761 |
| | <u> </u> | <u> </u> |
| Cash and cash equivalents at ending of period | (3,765) | (36,885) |
| | <u> </u> | <u> </u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company is an investment holding company. The Company and its subsidiaries is principally engaged in provision of wet trades works services.

The Company was incorporated in the Cayman Islands on 12 April 2017 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares are listed on the GEM of the Stock Exchange with effect from 29 September 2017.

As at 30 September 2019 and 2020, its parent and ultimate holding company is Land Noble Holdings Limited (“**Land Noble**”), a company incorporated in the British Virgin Islands and owned as to 50% by Mr. Tse Chun Yuen (“**Mr. Eric Tse**”) and 50% by Mr. Tse Chun Kuen (“**Mr. CK Tse**”).

The addresses of the registered office is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and the principal place of business of the Company is Room 9, 25/F., CRE Centre, 889 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong.

Prior to the Reorganisation, the group entities were under the control of Mr. Eric Tse and Mr. CK Tse. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 6 September 2017. Accordingly, for the purpose of the preparation of the unaudited condensed consolidated financial statements of the Group, the Company has been considered as the holding company of the companies comprising the Group after the Reorganisation throughout the periods presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Eric Tse and Mr. CK Tse prior to and after the Reorganisation.

The unaudited condensed financial statements have been prepared as if the Company had been the holding company of the Group throughout the periods presented in accordance with Accounting Guideline 5 “*Merger Accounting for Common Control Combinations*” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The unaudited condensed consolidated statement of profit or loss and other comprehensive income, unaudited condensed consolidated statement of changes in equity and unaudited condensed consolidated cash flow statement for the periods presented, which include the results, changes in equity and cash flows of the companies comprising the Group after the Reorganisation, have been prepared as if the current group structure had been in existence throughout the periods presented, or since their respective dates of incorporation, where this is a shorter period.

These unaudited condensed consolidated financial statements are presented in thousands of Hong Kong dollars (“**HK\$’000**”), which is the same as the functional currency of the Company.

2 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the HKICPA as well as with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for unlisted equity investment which is measured at fair value.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 March 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|--|--------------------------------|
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Equity investments

An investment in equity securities is classified as fair value through profit or loss (FVPL) unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at fair value through other comprehensive income (FVOCI) (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss.

4 REVENUE, OTHER (LOSS) GAIN, NET

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue and other (loss) gain, net recognised during the respective periods are as follows:

(a) Disaggregation of revenue from contracts with customers

| | Three months ended 30 September | | Six months ended 30 September | |
|--|--|--|--|--|
| | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) |
| By timing of revenue recognition: | | | | |
| Control transferred over time | <u>83,501</u> | <u>49,972</u> | <u>157,035</u> | <u>109,026</u> |
| By type of services: | | | | |
| Provision of wet trades works services | <u>83,501</u> | <u>49,972</u> | <u>157,035</u> | <u>109,026</u> |

(b) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that were unsatisfied (or partially unsatisfied) as at 30 September 2019 and 2020.

| | As at 30 September | |
|--|-------------------------|-------------------------|
| | 2020 <i>HK\$'000</i> | 2019 <i>HK\$'000</i> |
| Remaining performance obligations expected to be satisfied during the years ended/ending: | | |
| 30 September 2020 | – | 213,685 |
| 30 September 2021 | 223,454 | – |
| 30 September 2022 | <u>99,058</u> | – |
| | <u>322,512</u> | <u>213,685</u> |

| | Three months ended 30 September | | Six months ended 30 September | |
|---|--|--|--|--|
| | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) |
| Other (loss) gain, net | | | | |
| Bank interest income | 12 | 93 | 72 | 165 |
| Loss on deemed disposal of a subsidiary | <u>(314)</u> | – | <u>(314)</u> | – |
| | <u>(302)</u> | <u>93</u> | <u>(242)</u> | <u>165</u> |

5 SEGMENT INFORMATION

Operating Segment

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and reviews financial information accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

6 LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

| | Three months | | Six months | |
|---|--------------------|-----------------|--------------------|-----------------|
| | ended 30 September | | ended 30 September | |
| | 2020 | 2019 | 2020 | 2019 |
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| (a) Finance costs | | | | |
| Interest on bank overdrafts | 8 | – | 16 | – |
| Interest on lease liabilities | – | 4 | 2 | 4 |
| | <u>8</u> | <u>4</u> | <u>18</u> | <u>4</u> |
| (b) Other items | | | | |
| Depreciation of owned assets | 573 | 474 | 1,159 | 966 |
| Depreciation of right-of-use assets | 32 | – | 65 | 65 |
| Lease payments not included in the measurement of lease liabilities (Note) | 56 | – | 123 | – |
| Operating lease rental in respect of machinery and equipment | 4 | 61 | 12 | 144 |
| Operating lease rental in respect of | | | | |
| – Premises | – | 136 | – | 345 |
| – Car park | – | 22 | – | 43 |
| | <u>–</u> | <u>22</u> | <u>–</u> | <u>43</u> |

Note: Included in the amount of lease payments not included in the measurement of lease liabilities, approximately HK\$57,000 was the rental expense paid to Mr. Eric Tse, Mr. CK Tse and their spouses.

7 INCOME TAX CREDIT

| | Three months ended 30 September | | Six months ended 30 September | |
|-------------------------------------|--|--|--|--|
| | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) |
| Current tax – Hong Kong Profits Tax | – | (237) | – | – |
| Deferred income tax | <u>(459)</u> | <u>(293)</u> | <u>(803)</u> | <u>(353)</u> |
| | <u>(459)</u> | <u>(530)</u> | <u>(803)</u> | <u>(353)</u> |

No provision for Hong Kong profits tax has been made as the Group did not have estimated assessable profit in Hong Kong for the six months ended 30 September 2020 (for the six months ended 30 September 2019: nil).

8 LOSSES PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD – BASIC AND DILUTED

| | Three months ended 30 September | | Six months ended 30 September | |
|---|--|--|--|--|
| | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) | 2020 <i>HK\$'000</i> (Unaudited) | 2019 <i>HK\$'000</i> (Unaudited) |
| Loss for the period attributable to owners of the Company (<i>HK\$'000</i>) | (2,701) | (3,616) | (4,454) | (1,527) |
| Weighted average number of ordinary shares (<i>'000</i>) | <u>600,000</u> | <u>600,000</u> | <u>600,000</u> | <u>600,000</u> |
| Basic and diluted losses per share (<i>HK cents per share</i>) | <u>(0.005)</u> | <u>(0.006)</u> | <u>(0.007)</u> | <u>(0.003)</u> |

The diluted losses per share is equal to the basic losses per share as there were no dilutive potential ordinary shares in issue during the six months ended 30 September 2019 and 2020.

9 DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 September 2020 (for the six months ended 30 September 2019: nil).

10 MOVEMENTS IN PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2020, the Group acquired items of plant and equipment with a cost of approximately HK\$14,000 (for the six months ended 30 September 2019: approximately HK\$1,997,000).

During the six months ended 30 September 2019, the Group entered into a new lease agreement for the use of a warehouse for 2 years. The Group is required to make fixed monthly payments. On lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK\$260,000.

11 TRADE AND OTHER RECEIVABLES

The following is an analysis of trade receivables by age, presented based on the invoice date and net of provision for loss allowance.

| | As at 30 September 2020 <i>HK\$'000</i> (Unaudited) | As at 31 March 2020 <i>HK\$'000</i> (Audited) |
|--|---|---|
| 0–30 days | 6,666 | 11,640 |
| 31–60 days | <u>2,120</u> | <u>1,544</u> |
| Trade receivables, net of provision for loss allowance | 8,786 | 13,184 |
| Other receivables, deposits and prepayments, net of provision for loss allowance | <u>19,382</u> | <u>9,291</u> |
| | <u>28,168</u> | <u>22,475</u> |

Notes:

- (a) Whilst the credit period granted to customers are ranging from 17 to 33 days generally.
- (b) Movements in the Group's provision for loss allowance of trade receivables are as follows:

| | As at 30 September 2020 <i>HK\$'000</i> (Unaudited) | As at 31 March 2020 <i>HK\$'000</i> (Audited) |
|--|---|---|
| As at 1 April 2020/2019 | 146 | 151 |
| Provision made for the period/year | – | 3 |
| Provision reversed for the period/year | <u>–</u> | <u>(8)</u> |
| As at 30 September 2020/31 March 2020 | <u>146</u> | <u>146</u> |

12 TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

| | As at 30 September 2020 <i>HK\$'000</i> (Unaudited) | As at 31 March 2020 <i>HK\$'000</i> (Audited) |
|-----------------------------|---|---|
| 0–30 days | 19,968 | 19,142 |
| 31–60 days | – | 1 |
| Total trade payables | 19,968 | 19,143 |
| Accruals and other payables | 1,529 | 2,385 |
| | 21,497 | 21,528 |

13 AMOUNT DUE TO AN UNLISTED EQUITY INVESTMENT COMPANY

The amount is unsecured, interest-free and has no fixed term of repayment.

14 SHARE CAPITAL

Details of the Company's authorised and issued ordinary share capital are as follows:

| | Number of ordinary shares | Share Capital <i>HK\$'000</i> |
|--|------------------------------|----------------------------------|
| Ordinary shares of HK\$0.01 each | | |
| Authorised: | | |
| As at 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020 | 1,500,000,000 | 15,000 |
| Issued and fully paid: | | |
| As at 1 April 2019, 31 March 2020, 1 April 2020 and 30 September 2020 | 600,000,000 | 6,000 |

15 RESERVES

Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less expenses incurred in connection with the issue of the shares.

Other reserve

Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation.

MANAGEMENT DISCUSSION AND ANALYSIS

DEVELOPMENT OF BUSINESS AND PROSPECTS

The Group performs wet trades works as a subcontractor in Hong Kong.

For the six months ended 30 September 2020, the Group recorded a net loss of approximately HK\$4.5 million as compared to a net loss of approximately HK\$1.5 million for the same period in 2019. The Directors are of the view that the increase in net loss was mainly attributable to the decrease in gross profit and gross profit margin for the six months ended 30 September 2020.

In addition, other external factors including the continuation of novel coronavirus (COVID-19) epidemic and the overall economic environment in Hong Kong during the six months 30 September 2020 also had a negative impact on the Group in terms of cash flow, operational efficiencies and completion progress on certain projects.

In light of the development in the wet trades industry, the Group intends to implement a more prudent approach in project selection in the upcoming year; that is to say, the Group will selectively place tenders to well-established contractors and well-known business partners to ensure projects on hand remain steady and receivables are sound.

The Group will continue to improve our operating efficiency and profitability of our business and expand our fleet of machinery and equipment, which will enhance the basis of our technical capability to bid for future projects. The Group will also proactively seek opportunities to expand our customer base and market share and undertake more wet trades projects which will enhance value to the shareholders and stakeholders of the Company.

The Group may consider exploring other business opportunities and/or expanding the geographical coverage of the principal business of the Group beyond the Hong Kong market in order to enhance our future development and to strengthen the revenue bases of the Group. We believe that it would be worth exploring so that we will be ready to dive into any opportunities as they arise or come to our attention. We expect that diversification of our business will provide a better return to the shareholders of the Company.

The Board believes the Group's business strategy and industry expertise could generate and contribute greater value to Company shareholders and investors.

OUTLOOK

The Shares were listed on GEM on 29 September 2017 (the “**Listing Date**”) by way of share offer (the “**Share Offer**”). The Group always strives to improve our operating efficiency and profitability. The Group is expanding our fleet of machinery and equipment, which will enhance the basis of our technical capability to bid for future projects. The Group will also proactively seek opportunities to expand our customer base and our market share, and undertake more wet trades projects and business opportunities which will enhance value to the shareholders of the Company.

The net proceeds from the Share Offer provide financial resources to the Group to meet and achieve our business objectives and strategies which can strengthen the Group’s market position in wet trades works services.

FINANCIAL REVIEW

Revenue

For the six months ended 30 September 2020, the Group’s revenue amounted to approximately HK\$157.0 million, which increased by approximately 44.0% as compared to the same period in 2019. The increased in revenue was primarily attributable to the increase of new projects awarded to the Group.

Gross profit and Gross profit margin

Our gross profit decreased by approximately HK\$2.5 million or 74.1%, from approximately HK\$3.3 million for the six months ended 30 September 2019 to approximately HK\$0.9 million for the six months ended 30 September 2020. The decrease in the Group’s gross profit was primarily due to the decrease in our gross profit margin. The Group’s gross profit margin decreased from approximately 3.1% for the six months ended 30 September 2019 to approximately 0.6% for the six months ended 30 September 2020, which was primarily due to the increase in overall construction costs and competitive project pricing arising from intense market competition.

Other (loss) gain, net

Other (loss) gain, net decreased by approximately HK\$407,000 from a gain of approximately HK\$165,000 for the six months ended 30 September 2019 to a loss of approximately HK\$242,000 for the six months ended 30 September 2020. The decrease was mainly due to the loss on deemed disposal of a subsidiary recognised for the six months ended 30 September 2020.

Administrative and other operating expenses

Administrative and other operating expenses increased by approximately HK\$0.5 million or 8.9% from approximately HK\$5.4 million for the six months ended 30 September 2019 to approximately HK\$5.9 million for the six months ended 30 September 2020. The increase was mainly due to increase in staff costs, safety consultant expenses and internal control expenses.

Loss for the period

For the six months ended 30 September 2020, the Group recorded loss attributed to owners of the Company of approximately HK\$4.5 million as compared to loss for the six months ended 30 September 2019 of approximately HK\$1.5 million. The loss was mainly attributable to the decrease in gross profit margin for the six months ended 30 September 2020, which was primarily due to the increase in overall construction costs and competitive project pricing arising from intense market competition.

Interim Dividend

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2020 (for the six months ended 30 September 2019: nil).

Comparison of business objectives with actual business progress

An analysis comparing the business objectives as set out in the prospectus of the Company dated 19 September 2017 (the “**Prospectus**”) with the Group’s actual business progress for the period from the Listing Date to 30 September 2020 is set out below:

| Business Strategies as stated in the Prospectus | Business objectives up to 30 September 2020 as stated in the Prospectus | Actual business progress up to 30 September 2020 |
|---|---|---|
| Expanding our market share and competing for more wet trades projects which require the issue of surety bonds | <ul style="list-style-type: none">• Take out surety bonds for eight contracts | The Group has placed a project with surety bond requirement. |
| Further strengthening our manpower | <ul style="list-style-type: none">• To hire three site agents, four assistant site agents, two assistant quantity surveyors and two safety officers | The Group has hired three site agents, 10 assistant site agents, five assistant quantity surveyors and four safety supervisors. |

| Business Strategies as stated in the Prospectus | Business objectives up to 30 September 2020 as stated in the Prospectus | Actual business progress up to 30 September 2020 |
|--|--|---|
| | <ul style="list-style-type: none"> • To hire an accountant for financial reporting purpose | <p>The Group has internally promoted an administrative and accounting clerk to an accountant, who is solely responsible for financial reporting and hired a new staff to fill the vacancy of the administrative and accounting clerk.</p> |
| | <ul style="list-style-type: none"> • Provide training to our existing and newly recruited staff and/or sponsor our staff to attend training courses on occupational health and safety | <p>The Group has provided internal training to staff and sponsored our staff to attend training courses on occupational health and safety.</p> |
| <p>Acquisition of machinery and equipment</p> | <ul style="list-style-type: none"> • Purchase 14 forklifts, 24 plaster spraying machines and 1,800 sets of parts for plaster spraying machines | <p>The Group has acquired nine forklifts, 27 plaster spraying machines and 1,900 sets of parts for plaster spraying machines.</p> |

Use of proceeds

The net proceeds from the Listing (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK\$41.3 million. After the Listing, most of these proceeds has been applied in accordance with the future plans and use of proceeds as set out in the Prospectus and summarised in the announcement of the Company dated 14 July 2020 (the “**Announcement**”).

An analysis of the utilisation of net proceeds as at 30 September 2020 from the Listing is set out below:

| | Planned use of net proceeds up to 30 September 2020 <i>HK\$ million</i> | Actual use of net proceeds up to 30 September 2020 <i>HK\$ million</i> | Unutilised net proceeds up to 30 September 2020 <i>HK\$ million</i> |
|---|--|---|--|
| Taking out surety bonds for contracts we plan to tender | 20.3 | 20.3 | – |
| Further strengthening our manpower | 8.0 | 7.0 | 1.0 |
| Acquisition of machinery and equipment | 7.7 | 7.7 | – |
| Repayment of bank overdraft facility | 3.2 | 3.2 | – |
| General working capital | 2.1 | 2.1 | – |

As at 30 September 2020, approximately HK\$40.3 million out of the net proceeds from the Listing had been used. The remaining unutilised net proceeds as at 30 September 2020 were placed as deposits with licensed banks in Hong Kong and are currently intended to be applied in the manner consistent with the proposed allocations as set out in the Announcement. The remaining unutilised net proceeds are expected to be utilised by 30 September 2021.

Capital structure

The Shares were listed on GEM by way of Share Offer of 150,000,000 Shares at a price of HK\$0.47 per share on 29 September 2017. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this announcement. The share capital of the Company only comprises ordinary shares.

Liquidity, financial resource and funding

We financed our operations primarily through cash generated from our operating activities. During the six months ended 30 September 2020, we did not have any bank borrowings. As at 30 September 2020, we had cash and bank balances of approximately HK\$6.9 million (31 March 2020: approximately HK\$31.6 million) (included pledged bank deposits of approximately HK\$5.2 million (31 March 2020: approximately HK\$5.2 million)) and bank overdrafts of approximately HK\$5.4 million (31 March 2020: nil).

Our primary uses of cash and cash equivalents have been and are expected to continue to be operating costs and capital expenditure.

Gearing ratio

The gearing ratio for the Group as at 30 September 2020 was 4.8% (31 March 2020: nil). It was calculated by dividing total obligations under total bank borrowings and bank overdrafts by total equity as at the end of each reporting period multiplied by 100%.

Treasury policy

The Directors will continue to follow a prudent policy in managing the Group's bank balances and maintain strong and healthy liquidity to ensure that the Group is well placed to take advantage of future growth opportunities.

Significant investments held, material acquisitions and disposals of subsidiaries, associated companies and joint ventures

Save as disclosed in this announcement, during the six months 30 September 2020, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus and in this announcement, the Group did not have other plans for material investments or capital assets as of 30 September 2020.

Foreign exchange exposure

Most of our Group's transactions are denominated in Hong Kong dollars which is the functional and presentation currency of the Group. As such, the Directors are of the view that the Group does not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

Segment information

Management considers that the Group had only one operating segment which is provision of wet trade works services.

Charge on Group assets

As at 30 September 2020, aside from pledged bank deposit of approximately HK\$5.2 million, no other asset of the Group was pledged as security for bank borrowing or any other financing facilities (31 March 2020: approximately HK\$5.2 million).

Capital expenditure

Total capital expenditure for the six months ended 30 September 2020 was approximately HK\$14,000, which was used in the purchase of plant and equipment.

Contingent liabilities

As at 30 September 2020, the Group had no significant contingent liabilities (31 March 2020: nil).

Capital commitments

As at 30 September 2020, the Group had no significant capital commitments (31 March 2020: nil).

Information of employees

As at 30 September 2020, the Group had 48 full-time employees working in Hong Kong (30 September 2019: 38). The total staff costs, including directors' emoluments incurred during the six months ended 30 September 2020 were approximately HK\$7.8 million (for the six months ended 30 September 2019: approximately HK\$7.4 million).

Employees are remunerated based on their qualifications, position and performance. The remuneration offered to employees generally includes salaries, allowances and discretionary bonus. Various types of training were provided to the employees.

EVENTS AFTER REPORTING PERIOD

Save as disclosed in this announcement, the Group had no significant events from the end of the reporting period and up to the date of this announcement.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 September 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of the Company

| Name | Capacity/Nature of interest | Total number of Shares held | Approximate percentage of shareholding |
|-----------------------------------|---|------------------------------------|---|
| Mr. Tse Chun Yuen (<i>Note</i>) | Interest in a controlled corporation; interest held jointly with another person | 350,000,000 | 58.33% |
| Mr. Tse Chun Kuen (<i>Note</i>) | Interest in a controlled corporation; interest held jointly with another person | 350,000,000 | 58.33% |

Note: Land Noble is beneficially owned as to 50% by Mr. Tse Chun Yuen and 50% by Mr. Tse Chun Kuen. On 9 May 2017, Mr. Tse Chun Yuen and Mr. Tse Chun Kuen entered into an acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert within the meaning of the Hong Kong Code on Takeovers and Mergers. By virtue of the SFO, Mr. Tse Chun Yuen and Mr. Tse Chun Kuen are deemed to be interested in the Shares held by Land Noble.

Long position in the ordinary shares of associated corporation – Land Noble

| Name | Name of associated corporation | Capacity/Nature of interest | Number of share(s) held | Percentage of interest |
|-------------------|---------------------------------------|------------------------------------|--------------------------------|-------------------------------|
| Mr. Tse Chun Yuen | Land Noble Holdings Limited | Beneficial owner | 1 | 50% |
| Mr. Tse Chun Kuen | Land Noble Holdings Limited | Beneficial owner | 1 | 50% |

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS
AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE
COMPANY**

So far as known to the Directors or chief executives of the Company, as at 30 September 2020, the following person/entity (other than the Directors and chief executives of the Company) had or were deemed to have an interest or a short position in the Shares or the underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO:

Long position in the ordinary shares of the Company

| Name | Capacity/ Nature of interest | Number of share(s) held | Percentage of interest in our Company |
|-------------------------------------|---|------------------------------------|--|
| Land Noble | Beneficial owner | 350,000,000 | 58.33% |
| Ms. Or So Lan (<i>Note 1</i>) | Interest of spouse | 350,000,000 | 58.33% |
| Ms. Yapp Ngi Yang (<i>Note 2</i>) | Interest of spouse | 350,000,000 | 58.33% |

Notes:

- Ms. Or So Lan is the spouse of Mr. Tse Chun Yuen. She is deemed, or taken to be, interested in all Shares in which Mr. Tse Chun Yuen is interested in for the purposes of the SFO.
- Ms. Yapp Ngi Yang is the spouse of Mr. Tse Chun Kuen. She is deemed, or taken to be, interested in all Shares in which Mr. Tse Chun Kuen is interested in for the purposes of the SFO.

Save as disclosed above, as at 30 September 2020, so far as is known to the Directors, no other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the shares of the Company (the “**Required Standard of Dealing**”). Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the Required Standard of Dealing and there was no event of non-compliance during the six months ended 30 September 2020.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the controlling shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, or has any other conflict of interests with the Group as required to be disclosed pursuant to rule 11.04 of the GEM Listing Rules during the six months ended 30 September 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 September 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 14 September 2017. No share option has been granted under the Share Option Scheme since its adoption.

CORPORATE GOVERNANCE CODE

The Company acknowledges the need and importance of corporate governance as one of the key elements in creating shareholder value. The Company is also committed to achieving high standard of corporate governance that can protect and promote the interests of all shareholders and to enhance corporate value and accountability of the Company. For corporate governance purpose, the Company has adopted the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 of the GEM Listing Rules since the Listing Date up to the date of this announcement. During the six months ended 30 September 2020, to the best knowledge of the board of Directors of the Company (the “**Board**”), the Company has complied with the code provisions of the CG Code.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this announcement, the audit committee comprises of three independent non-executive Directors, namely Mr. Tang Chi Wai (chairman of the Audit Committee), Mr. Wong Yiu Kwong Kenji and Ms. Chung Lai Ling.

The Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the six months ended 30 September 2020, and is of the opinion that the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020 comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement and the interim report are published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.nobleengineering.com.hk. Should the shareholders of the Company have any difficulties in accessing the corporate communications electronically, please request the printed interim report, at any time by writing to the Company.

By order of the Board
Noble Engineering Group Holdings Limited
Tse Chun Yuen
Chairman and executive Director

Hong Kong, 11 November 2020

As at the date of this announcement, the executive Directors are Mr. Tse Chun Yuen, Mr. Tse Chun Kuen, and Mr. Harilela Mahesh, the non-executive Director is Mr. U Keng Tin and the independent non-executive Directors are Mr. Wong Yiu Kwong Kenji, Ms. Chung Lai Ling and Mr. Tang Chi Wai.

This announcement will remain on the website of The Stock Exchange at www.hkexnews.hk on the "Latest Company Announcements" page for at least 7 days from the date of its posting and will be published on the Company's website at www.nobleengineering.com.hk.